

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

REVIEW REPORT  
OF  
OFFICE OF UTILITY CONSUMER COUNSELOR  
STATE OF INDIANA

April 1, 2005 to February 28, 2007



**FILED**  
05/31/2007



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AGENCY OFFICIALS

Office

Official

Term

Executive Director

Susan L. Macey

03-07-05 to 01-11-09



# STATE OF INDIANA

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE OFFICE OF UTILITY CONSUMER COUNSELOR

We have reviewed the receipts, disbursements, and assets of the Office of Utility Consumer Counselor for the period of April 1, 2005 to February 28, 2007. The Office of Utility Consumer Counselor's management is responsible for the receipts, disbursements, and assets.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the receipts, disbursements, and assets. Accordingly, we do not express such an opinion.

Financial transactions of this office are included in the scope of our audits of the State of Indiana as reflected in the Indiana Comprehensive Annual Financial Reports.

Based on our review, nothing came to our attention that caused us to believe that the receipts, disbursements, and assets of the Office of Utility Consumer Counselor are not in all material respects in conformity with the criteria set forth in the Accounting and Uniform Compliance Guidelines Manual for State Agencies, and applicable laws and regulations except as stated in the review comments.

STATE BOARD OF ACCOUNTS

April 4, 2007

OFFICE OF UTILITY CONSUMER COUNSELOR  
REVIEW COMMENT  
February 28, 2007

CONTRACT MONITORING

During our review of contract invoices for the Office of Utility Consumer Counselor, we found that the agency paid a contractor for services that were not in compliance with the contract terms. For the contract period July 27, 2005 through June 30, 2006, 3 of 12 payments to the consulting service contractor contained invoiced service rates higher than the rates stated in the contract and 9 payments included invoiced service rates less than those rates stated in the contract.

Although total billed invoices did not exceed the approved contract total, the agency should review their internal control procedures over monitoring contract payments for potential weaknesses.

Each agency, department, quasi, institution or office is responsible for compliance with applicable statutes, regulations, contract provisions, state policies, and federal requirements. Each agency, department, quasi, institution or office should also have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of managements' objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for State and Quasi Agencies, Chapter 1)

OFFICE OF UTILITY CONSUMER COUNSELOR  
EXIT CONFERENCE

The contents of this report were discussed on May 10, 2007, with Susan L. Macey, Executive Director. The official response has been made a part of this report and may be found on pages 6 and 7.



**INDIANA OFFICE OF  
UTILITY CONSUMER COUNSELOR**

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May 17, 2007

Bruce A. Hartman, State Examiner  
State Board of Accounts  
Indiana Government Center South  
302 West Washington Street, Room E418  
Indianapolis, IN 46204

Re: OUCC Official Response to Review Comments

Dear Mr. Hartman,

On May 10, 2007, an examiner from the State Board of Accounts, Patti Serbus, CPA, conducted an exit interview with this agency, the Office of Utility Consumer Counselor, (OUCC) to discuss audit review findings. Ms. Serbus provided comments and feedback regarding this agency's internal control procedures over monitoring contract payments.

In response, the OUCC is implementing the following procedures and controls:

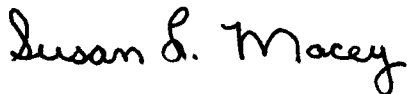
1. Each contract for professional services must include the name(s) of the individual(s) performing the service, their job classification, the corresponding hourly rate for that individual, and the cause number of the proceeding, if appropriate. In addition, all contracts shall require that, should the vendor need to replace any of the named individuals for any reason, the vendor must promptly notify the OUCC in writing. Any newly assigned staff must have equivalent professional experience and/or credentials and must be invoiced for services at the same hourly rate as the individual who has been replaced.
2. The OUCC business office will include the above contract information on its budget spreadsheet for reference when invoices are being processed.
3. Prior to processing any invoice for contracted services, the OUCC Business Office will:



- a. Verify with the respective Division Director(s) that the services invoiced for have been performed in compliance with the contract terms;
- b. Verify with the respective Division Director(s) that the individual(s) listed as having performed the services actually did perform those services, and that the hourly rate is correct and corresponds with the rate on the contract;
- c. Obtain the Division Director's signature(s) on the invoice as approving payment;
- d. Ensure that the proper contract number, cause number and/or any other identifying number is on the invoice; and
- e. Verify that the balance of the contract's budget allocation is sufficient to pay the invoice.

I welcome the opportunity to discuss the procedures and controls outlined in this letter, and appreciate your agency's guidance throughout this process. Please feel free to call me at 233-3232 should you have any questions.

Best Regards,

A handwritten signature in cursive script that reads "Susan L. Macey".

Susan L. Macey  
Utility Consumer Counselor